

2011-12 – 1st QUARTER STATUS REPORT – Sr. Investment Officer, Real Assets (T. Eliopoulos)

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Quantitative Performance Measures

Total Fund Performance

Weight	Performance Measure	Incentive Schedule	1 st Quarter Status
40%	Return deviation in basis points relative to: Total Fund performance versus Total Fund benchmark {SJ1CA1 – CPERSTO2IC} *Cost-adjusted Benchmark	-13 basis points = 0 +13 basis points = 1.0 27 basis points = 1.5	+16 bps {(7.00) – (7.16)}

Real Assets Performance

Weight	Performance Measure	Incentive Schedule	1 st Quarter Status
15%	Return deviation in basis points relative to: {SW3CA2 - CPERSRAB}	0 basis points = 0 +30 basis points = 1.0 +45 basis points = 1.5	+10 bps {2.38 – 2.28}

Structure Strategic Portfolio Agreements

Weight	Performance Measure	Incentive Schedule	1 st Quarter Status
10%	# of structured Strategic Portfolio Agreements	3 = 0 5 = 1.0 7 = 1.5	To be provided by PARO

Strategic Portfolio Growth

Weight	Performance Measure	Incentive Schedule	1 st Quarter Status
10%	\$B of NAV Growth in the Strategic Portfolio	\$0B = 0 \$1B = 1.0 \$2B = 1.5	To be provided by PARO

Qualitative Performance Measures *(All performance measures utilize standard Qualitative incentive schedule unless otherwise noted)*

Real Estate Priorities

Weight	Performance Measure
15%	By June 30, 2012, implement asset class priorities which contribute to the success of your program by adopting innovative approaches and overcoming obstacles to improve investment performances and processes, including: <ul style="list-style-type: none"> Complete Sector Plans consistent with new Strategic Plan Implement Monitoring Program consistent with new Strategic Plan Evaluate the synergies and efficiencies of combining governance, operations, and compliance functions on one platform for Real Assets and AIM.
1st Quarter Status: <ul style="list-style-type: none"> Complete Sector Plans consistent with new Strategic Plan-On Track. Implement Monitoring Program consistent with new Strategic Plan- On Track. Evaluate the synergies and efficiencies of combining governance, operations, and compliance functions on one platform for Real Assets and AIM.- On Track. 	

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Leadership

Weight	Performance Measure
10%	<p><u>Enterprise-wide Leadership and Management</u> By June 30, 2012, achieve improvements in enterprise management by:</p> <ul style="list-style-type: none"> • Maintaining an average position vacancy rate of 5% or less through the fiscal year 2011-12. • Ensure all Form 700 Statements of Economic Interest are filed by scheduled employees by the mandated due date of April 1, 2012. • Ensure all scheduled employees complete the legally mandated AB 1234 ethics training by June 30, 2012. • Maintain a 90% EPAD completion rate. • Address and resolve all outstanding audit findings within 12 months of audit report. • Dedicate 2 hours per month for Employee Recognition during the year through fiscal year 2011-12. • Ensure 100 percent compliance using the new diversity and inclusion performance factor in annual manager and supervisor performance reviews. • Complete the Executive D&I Development Journey course, including completion of all pre- and post-session work assignments. • Conduct at least two direct report team sessions on diversity and inclusion awareness. • Effectively manage all Operational resources within prescribed budget limits. • Conduct direct report sessions on renewal of our core values and guiding behaviors to ensure that we are adhering to these convictions at least once a quarter <p><u>Investment Office Leadership and Management</u> By June 30, 2012, contribute to the value creation, capacity building, and organization support for the Investment Office by:</p> <ul style="list-style-type: none"> • Strengthening and reinforcing a value driven culture that fosters accountability, transparency, and integrity. • Participating in training, communication, and recognition activities and events. <p><u>Team Participation – Cross Asset Class Collaboration</u> By June 30, 2012, participate in and support cross asset class initiatives, such as the Investment Office Roadmap, Investment Strategy Group, Investment Proposal Tracking System, Operating Committee, and technology steering committees to improve investment performance, cost effectiveness, and manage risk.</p>
<p>1st Quarter Status:</p> <p>Enterprise-wide Leadership and Management By June 30, 2012, achieve improvements in enterprise management by:</p> <ul style="list-style-type: none"> • Maintaining an average position vacancy rate of 5% or less through the fiscal year 2011-12. - On Track. • Ensure all Form 700 Statements of Economic Interest are filed by scheduled employees by the mandated due date of April 1, 2012. Will address in 3Q. • Ensure all scheduled employees complete the legally mandated AB 1234 ethics training by June 30, 2012.- On Track. • Maintain a 90% EPAD completion rate. – On Track. • Address and resolve all outstanding audit findings within 12 months of audit report. We have addressed and resolved all seven of the Internal Control Framework Audit Findings; we have resolved 23 of the 27 Real Estate Program Audit Findings. • Dedicate 2 hours per month for Employee Recognition during the year through fiscal year 2011-12. I have met this goal each month of the reporting quarter. • Ensure 100 percent compliance using the new diversity and inclusion performance factor in annual manager and supervisor performance reviews. In process. • Complete the Executive D&I Development Journey course, including completion of all pre- and post-session work assignments. In process. • Conduct at least two direct report team sessions on diversity and inclusion awareness. In process. • Effectively manage all Operational resources within prescribed budget limits. In process. • Conduct direct report sessions on renewal of our core values and guiding behaviors to ensure that we are adhering to these convictions at least once a quarter. In process. <p>Investment Office Leadership and Management By June 30, 2012, contribute to the value creation, capacity building, and organization support for the Investment Office by:</p> <ul style="list-style-type: none"> • Strengthening and reinforcing a value driven culture that fosters accountability, transparency, and integrity. • I represented CalPERS at the PREA Board of Directors meeting in July 2011. 	

- I supervise the Real Assets Labor Relations and Responsible Contractor efforts, including an IC update in August 2011.
- Participating in training, communication, and recognition activities and events.
- I attended the David Viniar, GSAM, Speaker Presentation in August 2011;
- I attended the BARRA conference segment pertaining to private asset proxies in September 2011;
- I supported the 3rd Round of Rapid Results projects and supported the Teams.
- I attended the kick-off for the 4th Round of the Rapid Results Projects.
- I attended the ACE Award recognition ceremony.
- I organized and hosted the Real Estate Restructuring Wrap-up Celebration on August 15.
- On August 23, I attended the Leadership Forum.
- On September 6, I attended the All Staff Forum.
- I attended the “my/CalPERS” Recognition Event on September 29.
- I led the organization of retirement celebration for Eileen Park held on August 10.
- On August 5, I attended the annual Investment Office Picnic.

Team Participation – Cross Asset Class Collaboration

By June 30, 2012, participate in and support cross asset class initiatives, such as the Investment Office Roadmap, Investment Strategy Group, Investment Proposal Tracking System, Operating Committee, and technology steering committees to improve investment performance, cost effectiveness, and manage risk.

- I attended all ISG meetings in 1Q.
- I attended all BARRA One Risk System Steering Committee Meetings in 1Q and helped to finalize the RE Risk Proxy.
- I actively participated in the Spectrum Discussions.
- I actively participated in the 11-12 Roadmap status discussions.
- I actively participated in the 12-13 Roadmap planning meetings.
- During the reporting quarter I actively participated in Real Asset Class discussions to provide input on the Investment Office Roadmap. I led our team in establishing a “From/To” Roadmap for Real Assets.
- I led our team's preparation for, and participated in, the August 15 Sustainable Investing Board Workshop.
- I led the team's effort in establishing a target for investment in California Infrastructure. This work resulted in a Board Motion at the September Investment Committee directing staff to undertake an extensive outreach process to explore what role CalPERS and other pension systems can play to facilitate infrastructure investment. Subsequent outreach efforts included:
 - Staffed the CIO and Investment Committee Chair at the Clinton Global Initiative in New York on September 20, 2011.
 - Met with Executive Office, External and Governmental Affairs, and Real Assets staff to discuss communication and outreach plan on September 23, 2011.
 - Participated in teleconference call led by the State Treasurer's Office on September 26, 2011 to discuss infrastructure investment.
- Met with staff from all asset classes and actively participated in establishing enhancements for the CalPERS for California Report on July 27, 2011. This report provides information on the positive impact of CalPERS investments in California.